

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: CN 10-29
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)	
LIBERTY SAVINGS BANK, FSB)	Effective Date: August 5, 2010
)	
)	
Whiting, Indiana)	
OTS Docket No. 02353)	
_____)	

ORDER TO CEASE AND DESIST

WHEREAS, Liberty Savings Bank, FSB, Whiting, Indiana, OTS Docket No. 02353 (Association), by and through its Board of Directors (Board), has executed a Stipulation and Consent to Issuance of an Order to Cease and Desist (Stipulation); and

WHEREAS, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, pursuant to delegated authority, the OTS Regional Director for the Central Region (Regional Director) is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

Cease and Desist.

1. The Association and its directors, officers, and employees shall cease and desist from any action (alone or with others) for or toward, causing, bringing about, participating in, counseling,

or aiding and abetting the unsafe or unsound practices that resulted in the Association operating with: (a) inadequate earnings to fund growth and augment capital; (b) inaccurate classification of the Association's real estate owned (REO); and (c) concentrations of credit without adequate and effective risk management oversight as described in the OTS Report of Examination of the Association dated February 1, 2010 (2010 ROE).

2. The Association and its directors, officers, and employees shall also cease and desist from any action (alone or with others) for or toward, causing, bringing about, participating in, counseling, or aiding and abetting the violation of the following laws and regulations as cited in the 2010 ROE:

- (a) 12 C.F.R. § 560.93 (limiting the amount of credit that may be extended to any borrower);
- (b) 12 C.F.R. § 564.5(b)(1) (requiring the use of appraisers engaged by the Association);
- (c) 12 C.F.R. § 563.177(c)(1) (requiring the development of a system of internal controls to assure ongoing compliance with the Bank Secrecy Act and anti money laundering (BSA/AML) regulations);
- (d) 12 C.F.R. § 563.180(d)(3)(iv) (requiring the filing of suspicious activity reports (SARs) that involve potential money laundering or violations of the BSA/AML regulations);
- (e) 12 C.F.R. § 229.12(b) and (c) (requiring the Association to make funds deposited into transaction accounts available according to specified time schedules);
- (f) 12 C.F.R. § 229.13(g)(1) (requiring the Association to notify customers when the institution determines to extend the time when funds will be made available for

withdrawal);

(g) 12 C.F.R. § 571.90(c) (requiring the Association to perform a periodic risk assessment to determine whether it offers or maintains covered accounts);

(h) 12 U.S.C. § 1832(a)(2) (permitting the Association to pay interest on Negotiable Order of Withdrawal (NOW) accounts to eligible entities);

(i) 12 C.F.R. § 205.11(c)(1) and (2) (requiring the Association to investigate and provide provisional credit to customers for erroneous electronic funds transfers); and

(j) 12 C.F.R. § 205.11(d)(1) (requiring the Association to provide customers a written explanation of the results of its investigation into an erroneous electronic funds transfers).

Bank Secrecy Act.

3. Within sixty (60) days, the Association shall revise its BSA/AML policies, procedures and systems (BSA/AML Compliance Program) to address all corrective actions in the 2010 ROE related to the Currency and Foreign Transactions Reporting Act, as amended by the USA Patriot Act and other laws (the Bank Secrecy Act or BSA), 31 U.S.C. §§ 5311 et seq., and the related regulations issued and/or administered by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), 31 C.F.R. §§ 103.11 et seq., and the related BSA regulations issued by the OTS, 12 C.F.R. § 563.177 (collectively, the BSA Laws and Regulations), the FinCEN regulation governing SARs set forth at 31 C.F.R. § 103.18 and the OTS SAR regulation set forth at 12 C.F.R. § 563.180 (collectively, the SAR Regulations), and the Office of Foreign Assets Control (OFAC) regulations set forth in 31 C.F.R. Part 500 (the OFAC Regulations). At a minimum, the Association's BSA/AML Compliance Program shall:

(a) require that the Association implement a system of internal controls to ensure

compliance with the BSA Laws and Regulations, the SAR Regulations, and the OFAC Regulations based on the Association's BSA/AML/OFAC Risk Assessment; and

(b) require the Association to timely monitor all transactions for possible suspicious activity and/or structuring activities to evade reporting under the BSA Laws and Regulations and to timely report such suspicious activity and/or structuring activities, if appropriate, pursuant to the SAR Regulations.

4. Within seventy-five (75) days, the Association shall submit its BSA/AML Compliance Program to the Regional Director for review and comment. Upon written notification from the Regional Director that the BSA/AML Compliance Program is acceptable, the Association shall implement and adhere to the BSA/AML Compliance Program.

Compliance Management Program.

5. Within ninety (90) days, the Association shall revise its written consumer compliance program (Compliance Management Program) to address all corrective actions set forth in the 2010 ROE relating to consumer compliance management. The Association's Compliance Management Program shall comply with all applicable consumer and other compliance laws, regulations and regulatory guidance and be appropriate for the Association's size, complexity, product lines and business operations. At a minimum, the Compliance Management Program shall:

(a) require that the Association allocate resources to the compliance area that are commensurate with the Association's size, complexity, product lines, and business operations to ensure the implementation of an adequate Compliance Management Program, including appropriate staffing levels with qualified and experienced personnel;

(b) require a formal training program that provides for ongoing training in Compliance Laws and Regulations for all appropriate Association employees and Board members; and

(c) require compliance reviews for all applicable compliance areas that are risk-focused and result in a written narrative summarizing the scope, findings, and corrective action based on the review.

6. Within one hundred (100) days, the Association shall submit its Compliance Management Program to the Regional Director for review and comment. Upon written notification from the Regional Director that the Compliance Management Program is acceptable, the Association shall implement and adhere to the Compliance Management Program.

Fair Lending Monitoring Program.

7. Within sixty (60) days, the Association shall revise its fair lending program for all lending products (Fair Lending Program) to ensure that it addresses the corrective actions in the 2010 ROE related to fair lending. The Association's Fair Lending Program shall comply with all applicable nondiscrimination laws, regulations and regulatory guidance.

Violations of Compliance Laws.

8. Within ninety (90) days, the Association shall ensure that all violations of law and/or regulation discussed in the compliance section of the 2010 ROE are corrected and that adequate policies, procedures and systems are established or revised and thereafter implemented to prevent future violations.

Lending Limits Violation.

9. Within sixty (60) days, the Association shall develop a written action plan, including specific time frames, for reducing its loans or other extensions of credit that exceed the

Association's legal lending limit to conforming amounts (LTOB Compliance Plan) and revise its written procedures to ensure that the Association has adequate policies, processes, personnel, and control systems to prevent future violations of 12 C.F.R. § 560.93.

10. Within seventy-five (75) days, the Association shall submit its LTOB Compliance Plan to the Regional Director for review and comment. Upon receipt of written notification from the Regional Director that the LTOB Compliance Plan is acceptable, the Association shall implement and adhere to the LTOB Compliance Plan. The Board's adoption of the LTOB Compliance Plan shall be documented in the Board meeting minutes. A copy of the LTOB Compliance Plan shall be provided to the Regional Director within five (5) days of adoption by the Board.

Allowance for Loan and Lease Losses.

11. Within sixty (60) days, the Association shall revise its policies, procedures, and methodology relating to the timely establishment and maintenance of an adequate allowance for loan and lease losses (ALLL) level (ALLL Policy) to address all ALLL corrective actions set forth in the 2010 ROE. The ALLL Policy shall comply with applicable laws, regulations, and regulatory guidance.

12. Within seventy-five (75) days, the Association shall submit its ALLL Policy to the Regional Director for review and comment. Upon receipt of written notification from the Regional Director that the ALLL Policy is acceptable, the Association shall implement and adhere to the ALLL Policy. The Board's adoption of the ALLL Policy shall be documented in the Board meeting minutes. A copy of the ALLL Policy shall be provided to the Regional Director within five (5) days of adoption by the Board.

Concentrations of Credit.

13. Within sixty (60) days, the Association shall develop a written program for identifying, monitoring, and controlling risks associated with concentrations of credit (Credit Concentration Policy) to ensure that it addresses all corrective actions set forth in the 2010 ROE relating to concentrations of credit. The Credit Concentration Policy shall comply with all applicable laws, regulations and regulatory guidance and shall:

- (a) establish comprehensive concentration limits expressed as a percentage of Tier 1 (Core) Capital plus ALLL, and document the appropriateness of such limits based on the Association's risk profile;
- (b) establish stratification categories of the Association's concentrations of credit, such as non-owner occupied 1-4 family mortgage loans and commercial loans, and establish enhanced risk analysis, monitoring, and management for each stratification category;
- (c) contain specific review procedures and reporting requirements, including written reports to the Board, designed to identify, monitor, and control the risks associated with concentrations of credit and periodic market analysis for the various property types and geographic markets represented in its portfolio; and
- (d) contain a written action plan, including specific time frames, for bringing the Association into compliance with its concentration of credit limits.

14. Within forty-five (45) days after the end of each quarter, beginning with the quarter ending September 30, 2010, the Board shall review the Association's compliance with its Credit Concentration Policy and the appropriateness of its concentration limits given current conditions. The Board's review of the Association's Credit Concentration Policy shall be documented in the

Board meeting minutes.

Internal Asset Review and Classification.

15. Within forty-five (45) days, the Association shall revise its written internal asset review and classification program (IAR Program) to address all corrective actions set forth in the 2010 ROE relating to internal asset review and classification and to comply with all applicable laws, regulations and regulatory guidance. At a minimum, the IAR Program shall ensure the accurate and timely classification, and reporting of the Association's REO.

Business Plan.

16. By October 31, 2010, the Association shall submit to the Regional Director an updated business plan for the period beginning November 1, 2010 through June 30, 2011 (Business Plan) that is acceptable to the Regional Director and addresses all corrective actions set forth in the 2010 ROE. At a minimum, the Business Plan shall conform to applicable laws, regulations, and regulatory guidance and include:

- (a) establishment of a minimum Tier 1 (Core) Capital Ratio and Total Risk-Based Capital Ratio commensurate with the Association's risk profile;
- (b) detailed capital preservation and enhancement strategies with date specific narrative goals;
- (c) operating strategies to achieve increased core deposits and realistic core earnings throughout the term of the Business Plan;
- (d) quarterly financial projections (balance sheet, income statement, and statement of cash flows), including Tier 1 (Core) and Total Risk-Based Capital Ratios, for the period covered by the Business Plan; and
- (e) identification of all relevant assumptions made in formulating the Business Plan

and a requirement that documentation supporting such assumptions be retained by the Association.

17. Upon receipt of written notification from the Regional Director that the Business Plan is acceptable, the Association shall implement and adhere to the Business Plan. A copy of the Business Plan shall be provided to the Regional Director within five (5) days after Board approval.

18. Any proposed material deviations¹ from or changes to the Business Plan shall be submitted for the prior, written non-objection of the Regional Director. Requests for any material deviations or changes shall be submitted at least sixty (60) days before a proposed change is implemented.

19. By June 30, 2011, and each June 30th thereafter, the Business Plan shall be updated and submitted to the Regional Director incorporating the Association's budget plan and profit projections for the next two (2) fiscal years taking into account any revisions to the Association's loan, investment and operating policies.

Business Plan Variance Reports.

20. Within forty-five (45) days after the close of each quarter, beginning with the quarter ending December 31, 2010, the Board shall review written quarterly variance reports on the Association's compliance with its Business Plan (Variance Reports). The Board's review of Variance Reports and compliance with the Business Plan shall include the internal and external risks affecting the Association's ability to successfully implement the Business Plan. The

¹ A modification shall be considered material under this Paragraph of the Order if the Association: (a) plans to engage in any activity that is inconsistent with the Business Plan; or (b) plans to exceed the level of any activity contemplated in the Business Plan; or (c) fails to meet target amounts established in the Business Plan by more than ten percent (10%).

minutes of the Board meeting shall fully document the Board's review and discussion. The Variance Reports shall:

- (a) identify variances in the Association's actual performance during the preceding quarter as compared to the projections set forth in the Business Plan;
- (b) contain an analysis and explanation of identified variances; and
- (c) discuss the specific measures taken or to be taken by the Association to address identified variances.

21. A copy of each Variance Report shall be provided to the Regional Director within five (5) days after Board review.

Management and Director Compensation.

22. Within thirty (30) days, the Board shall designate a committee of two (2) or more independent² directors (Oversight Committee) to monitor and coordinate the Association's compliance with Paragraph 23 below.

23. Within ninety (90) days, the Association shall develop a written, comprehensive director and executive compensation policy that complies with all applicable laws, regulations, and regulatory guidance. For the purposes of this Paragraph, "compensation" refers to any and all salaries, bonuses, incentive compensation, deferred compensation, pension benefits, health or welfare plan benefits, post-termination benefits, and director fees. In addition to defining

² For purposes of this Agreement, an individual who is "independent" with respect to the Association shall be any individual who:

- (a) is not employed in any capacity by the Association or its subsidiaries, other than as a director;
- (b) is not related by blood or marriage to any officer or director of the Association or any of its subsidiaries, and who does not otherwise share a common financial interest with any such officer, director or shareholder;
- (c) is not indebted, directly or indirectly, to the Association or any of its subsidiaries, including the indebtedness of any entity in which the individual has a substantial financial interest; and
- (d) has not served as a consultant, advisor, underwriter, or legal counsel to the Association or any of its subsidiaries.

appropriate levels of director fees and executive compensation, the Compensation Policy shall, at a minimum, consider the following:

- (a) the combined value of all cash and non-cash benefits provided to each Senior Executive Officer³ and each Director;
- (b) a comparison of each Senior Executive Officer's total compensation with the compensation received by officers with similar responsibilities in similar financial institutions based upon such factors as asset size, geographic location, and the complexity of the loan portfolio or other assets; and
- (c) the financial condition of the Association.

24. Within one hundred (100) days, the Association shall submit the Compensation Policy to the Regional Director for review and comment. Upon receipt of written notification from the Regional Director that the Compensation Policy is acceptable, the Association shall implement and adhere to the Compensation Policy. The Board's review of the Compensation Policy shall be documented in the Board meeting minutes. A copy of the final Compensation Policy shall be provided to the Regional Director within five (5) days after approval by the Board.

Growth.

25. Effective immediately, the Association shall not increase its total assets during any quarter in excess of an amount equal to net interest credited on deposit liabilities during the prior quarter without the prior written non-objection of the Regional Director. The growth restriction imposed by this Paragraph shall remain in effect until the Association receives the Regional Director's written notice of non-objection of its Business Plan pursuant to Paragraph 17 of this Order.

³ The term "Senior Executive Officer" is defined at 12 C.F.R. § 563.555.

Golden Parachute Payments.

26. Effective immediately, the Association shall not make any golden parachute payment⁴ unless, with respect to such payment, the Association has complied with the requirements of 12 C.F.R. Part 359.

Directorate and Management Changes.

27. Effective immediately, the Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers set forth in 12 C.F.R. Part 563, Subpart H.

Employment Contracts and Compensation Arrangements.

28. Effective immediately, the Association shall not enter into any new contractual arrangement or renew, extend, or revise any contractual arrangement relating to compensation or benefits for any director or Senior Executive Officer of the Association, unless it first provides the Regional Director with not less than thirty (30) days prior written notice of the proposed transaction. The notice to the Regional Director shall include a copy of the proposed employment contract or compensation arrangement or a detailed, written description of the compensation arrangement to be offered to such director or Senior Executive Officer, including all benefits and perquisites. The Board shall ensure that any contract, agreement, or arrangement submitted to the Regional Director fully complies with the requirements of 12 C.F.R. Part 359, 12 C.F.R. §§ 563.39 and 563.161(b), and 12 C.F.R. Part 570 – Appendix A.

Third Party Contracts.

29. Effective immediately, the Association shall not enter into any arrangement or contract with a third party service provider that is significant to the overall operation or financial

⁴ The term “golden parachute payment” is defined at 12 C.F.R. § 359.1(f).

condition of the Association⁵ or outside the Association's normal course of business unless, with respect to each such contract, the Association has: (a) provided the Regional Director with a minimum of thirty (30) days prior written notice of such arrangement or contract and a written determination that the arrangement or contract complies with the standards and guidelines set forth in OTS Thrift Bulletin 82a; and (b) received written notice of non-objection from the Regional Director.

Effective Date, Incorporation of Stipulation.

30. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

Duration.

31. This Order shall remain in effect until terminated, modified, or suspended, by written notice of such action by the OTS, acting by and through its authorized representatives.

Time Calculations.

32. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be based on calendar days, unless otherwise noted.

33. The Regional Director or an OTS authorized representative may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices.

34. All submissions, including any reports, to the OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

⁵ A contract will be considered significant to the overall operation or financial condition of the Association where the annual contract amount equals or exceeds two percent (2%) of the Association's total capital, where there is a foreign service provider, or where it involves information technology that is critical to the Association's daily operations without regard to the contract amount.

35. Except as otherwise provided herein, all submissions, requests, communications, consents, or other documents relating to this Order shall be in writing and sent by first class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission, or hand delivery by messenger) addressed as follows:

(a) **To the OTS:**

Regional Director
Office of Thrift Supervision
One South Wacker Drive, Suite 2000
Chicago, Illinois 60606
Facsimile: (312) 917-5001

(b) **To the Association:**

Chairman of the Board
Liberty Savings Bank, FSB
1900 Indianapolis Blvd
Whiting, Indiana 46394
Facsimile: (219) 473-1805

No Violations Authorized.

36. Nothing in this Order or the Stipulation shall be construed as allowing the Association, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: _____/s/
Daniel T. McKee
Regional Director, Central Region

Date: See Effective Date on page 1

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: CN 10-29
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LIBERTY SAVINGS BANK, FSB)	Effective Date: August 5, 2010
)	
)	
Whiting, Indiana)	
OTS Docket No. 02353)	
_____)	

STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Central Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Liberty Savings Bank, FSB, Whiting, Indiana, OTS Docket No. 02353 (Association) that the OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 U.S.C. § 1818(b);

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

WHEREAS, the Association desires to cooperate with the OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or

denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs 1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

Jurisdiction.

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).
2. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of the OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

OTS Findings of Fact.

3. Based on a comprehensive examination of the Association, the OTS finds that the Association has engaged in unsafe or unsound banking practices, including operating with: (a) inadequate earnings to fund growth and augment capital; (b) inaccurate classification of the Association’s real estate owned; and (c) concentrations of credit without adequate and effective risk management oversight as described in the OTS Report of Examination of the Association dated February 1, 2010 (2010 ROE).
4. The OTS also finds that the Association has violated the following laws and regulations as cited in the 2010 ROE:
 - (a) 12 C.F.R. § 560.93 (limiting the amount of credit that may be extended to any borrower);
 - (b) 12 C.F.R. § 564.5(b)(1) (requiring the use of appraisers engaged by the

Association);

(c) 12 C.F.R. § 563.177(c)(1) (requiring the development of a system of internal controls to assure ongoing compliance with the Bank Secrecy Act and anti money laundering (BSA/AML) regulations);

(d) 12 C.F.R. § 563.180(d)(3)(iv) (requiring the filing of suspicious activity reports (SARs) that involve potential money laundering or violations of the BSA/AML regulations);

(e) 12 C.F.R. § 229.12(b) and (c) (requiring the Association to make funds deposited into transaction accounts available according to specified time schedules);

(f) 12 C.F.R. § 229.13(g)(1) (requiring the Association to notify customers when the institution determines to extend the time when funds will be made available for withdrawal);

(g) 12 C.F.R. § 571.90(c) (requiring the Association to perform a periodic risk assessment to determine whether it offers or maintains covered accounts);

(h) 12 U.S.C. § 1832(a)(2) (permitting the Association to pay interest on Negotiable Order of Withdrawal (NOW) accounts to eligible entities);

(i) 12 C.F.R. § 205.11(c)(1) and (2) (requiring the Association to investigate and provide provisional credit to customers for erroneous electronic funds transfers);

(j) 12 C.F.R. § 205.11(d)(1) (requiring the Association to provide customers a written explanation of the results of its investigation into an erroneous electronic funds transfers); and

(k) 12 C.F.R. § 572.3(a) (prohibiting the Association from making, increasing, extending, or renewing any designated loan secured by property without flood insurance

coverage for the term of the loan).

Consent.

5. The Association consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

Finality.

6. The Order is issued by the OTS under 12 U.S.C. § 1818(b). Upon the Effective Date, the Order shall be a final order, effective, and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

Waivers.

7. The Association waives the following:

- (a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and
- (d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes or otherwise.

OTS Authority Not Affected.

8. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

Other Governmental Actions Not Affected.

9. The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 8 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

Miscellaneous.

10. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order.

11. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

12. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

13. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order.

14. The terms of this Stipulation and of the Order represent the final agreement of the parties

with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

15. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director or other authorized representative.

Signature of Directors/Board Resolution.

16. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Order and the execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting.

WHEREFORE, the Association, by its directors, executes this Stipulation.

LIBERTY SAVINGS BANK, FSB
Whiting, Indiana

_____/s/_____
David E. Mears, Chairman

_____/s/_____
Martin A. Dybel, Director

_____/s/_____
Paul T. McGrath, Director

_____/s/_____
Joseph R. Shimala, Director

_____/s/_____
Paul R. Vogel, Director

Accepted by:
Office of Thrift Supervision

By:_____/s/_____
Daniel T. McKee
Regional Director, Central Region

Date: See Effective Date on page 1